

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

COMPANIA INTERNACIONAL FINANCIERA
S.A., COUDREE CAPITAL GESTION S.A., and
CHARTWELL ASSET MANAGEMENT
SERVICES,

Defendants.

Case No. 11 Civ. 4904 (DLC)

ECF CASE

**DEFENDANT CHARTWELL ASSET MANAGEMENT SERVICES' SYNOPSIS OF
THE DEPOSITION OF VINCENT DE CANNIÈRE**

Synopsis of Deposition Testimony of Vincent de Cannière

On behalf of Kristen Management and other clients, Vincent de Cannière has been following the chemical/pharmaceutical sector for some time. 16; 43-44. Kristen has recently taken positions in Genentech, BASF, Raptor, Gropius, Roche, Meade, and Cubist. 16; 34-44; 86-90. When Kristen possesses a CFD, it does not own a share and cannot vote as a shareholder. 141-42. Kristen often takes very large positions, and its \$15 million position in Arch CFDs is much smaller than average positions taken by Kristen in the past. 188.

Mr. de Cannière may have been following Arch prior to late June or early July 2011, as among the approximately 250 stocks that he follows on his screen. 41; 111-12. As part of his job, Mr. de Cannière regularly speaks to a number of brokers who suggest potential investments. 41; 44; 101. He speaks to Gabriel Rindone, a broker at HMS in Luxembourg, at least two or three times a week. 95-96; 101-02; 107. On a date uncertain, but likely on July 1, 2, or 3, Mr. Rindone, as part of a general conversation about market conditions and investments, told Mr. de Cannière that “hot money” was coming into Arch. 95. Mr. de Cannière understood this to mean that there was investor interest in Arch that might drive the price and volume higher. 101; 193-94. He did not understand, nor did Mr. Rindone say, that Arch was about to be acquired. 194.

In researching Arch on the internet, he saw buy recommendations and strong quarterly profits. 102-06; 111-12; 172-85. In addition, doing an analysis of the “Bollinger Bands” on the Arch share price over time, he determined that there was a 95% or extremely high statistical chance that Arch would trade higher in the short term. 121-22; 152-55; 191-92. On July 5, Mr. de Cannière recommended to Kristen’s principal Mr. Fiyaz that Kristen purchase Arch CFDs, and Mr. Fiyaz authorized a position which was filled through the brokerage ADM in London. 117-18. Mr. de Cannière also purchased CFDs referencing \$20,000 shares on behalf of his own company, Diversified Asset Management, through GFD in London. 123-25; 155. Mr. de Cannière bought these CFDs at an average price of \$35, and based on his analysis, was looking for the price to rise to between \$40 and \$42 per share. 121.

On Wednesday, July 6, Mr. de Cannière observed high trading volume for Arch. 118. Consistent with their strategy and analysis, Mr. Fiyaz authorized Mr. de Cannière to build a position up to \$15 million, a position that was built over the next 3 days. 117-120; 190-93. On Friday, July 8, Mr. de Cannière saw the price of Arch reach his target range. 123. He sold half his own position, and spoke to Mr. Fiyaz to recommend that he sell some of his position. 123; 127-28. Because it was late on Friday, Mr. Fiyaz was not interested in discussing business and postponed the decision until Monday. 128. On Monday, July 11, before the US markets opened, Mr. de Cannière saw the surprise announcement regarding Lonza’s acquisition of Arch. 128. Given the price and their investment objective, Mr. Fiyaz and Mr. de Cannière both decided to sell their entire position. 128-29.

Mr. de Cannière lives and works in Geneva, and does not know anyone at Lonza which is located in Basel. 4; 7-8; 194. He does not know any of the advisors hired by Lonza in Zurich, Basel, or elsewhere in Switzerland. 194-95; 60-62. He does not know the other two defendants in this action. 60. Mr. de Cannière did not hear any rumor or receive any information regarding the possible acquisition of Arch by Lonza or any other entity. 193-94.

Dated: New York, New York
July 27, 2011

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CERTIFICATE OF SERVICE

I, Marc L. Greenwald, an attorney, hereby certify that on July 27, 2011, I caused a true and correct copy of the foregoing to be served by electronic mail on all parties and counsel of record.

/s/ Marc L. Greenwald